

PROJECT DESCRIPTION**Ziniaré Micro-Credit Extension Program****Burkina Faso****I. Introduction**

This appendix describes the activities to be undertaken and the results to be achieved with the funds obligated under this Agreement. Nothing in this Appendix A shall be construed as amending any of the definitions, conditions, or terms of the Agreement.

II. Background

The Association pour la Promotion et l'Epanouissement des Femmes de Ziniaré – APEFZ (Association for the Promotion and Development of Ziniaré Women) provides a wide range of services to its members, including vocational training, health screening, and micro-credit. Traditional banking institutions hesitate to offer credit to poor women who are potential entrepreneurs, reinforcing the economic marginalization of this underserved population. APEFZ began a micro-credit fund in 2006 to improve its members' access to capital. The micro-credit fund enabled women members to begin processing cereals into food products for sale in Ziniaré and surrounding villages. Currently APEFZ can only offer credit to less than a third of its members due to a lack of resources and insufficient managerial capacity to manage a larger fund.

III. Funding**A. ADF Contribution**

The financial plan for ADF's contribution is set forth in Appendix A-1 of this Agreement. The Parties may make changes to the financial plan without formal amendment, if such changes are made in accordance with Article 8 of the Agreement and do not cause ADF's contribution to exceed the obligated amount specified in Article 4, section 4.1 of the Agreement.

B. APEFZ Contribution

APEFZ will contribute the time and skills of its staff in the implementation of the Project.

IV. Project Goal

The goal of the Project is to improve the standard of living of marginalized women in Burkina Faso.

V. Project Purpose

The purpose of the Project is to improve APEFZ's capacity to manage a micro-credit fund, as evidenced by the creation of a comprehensive five year business plan and increased access to credit services for women.

VI. Project Outputs

- A. The number of women receiving micro-credit will increase from a baseline of 46 to 200 by the end of the Project.
- B. The amount of annual loans given will increase from a baseline of CFA 2,300,000 to CFA 13,035,750.
- C. The loan repayment rate will be at least 95 percent on new credit outlays by the end of the Project.

VII. Project Activities

A. Institutional Management Improvement Activities

1. APEFZ will hire a project manager with a background in accounting. The project manager's responsibilities will include preparing work plans, monitoring activities, assessing and analyzing implementation problems, investigating and applying corrective measures, and helping to organize the training sessions and technical assistance services.
2. The management team will be trained in ADF reporting requirements and standards. The project manager will be responsible for preparing quarterly activity and financial reports.
3. APEFZ will set up an office for its management team. The office will be equipped with a loan counter, two offices, furniture, a safe, and a computer with accessories including accounting software. Management will be trained in proper use of accounting software.
4. APEFZ will develop a manual of procedures. The manual will document administrative, governance, and accounting policies.
5. APEFZ will develop a system of monitoring and evaluation to help prepare activity reports and annual financial reports. The monitoring and evaluation system will help track beneficiaries and troubleshoot identified problem areas.

B. Credit Fund Management Activities

1. APEFZ will hire a loan officer and a cashier. The loan officer and cashier will work closely with the credit management committee of the

Cooperative. A special credit management office will maintain files recording the loans extended during the Project. The loan officer will be provided with a motorcycle and will be responsible for visiting loan recipients and updating them on repayment schedules.

2. The management team will attend at least four training sessions on microfinance industry best practices. The training sessions will focus on identifying potential borrowers, choosing prudent loan outlays, and encouraging strong levels of repayment.
3. The management team will attend training sessions on the fundamental accounting principles of microfinance institutions. The training will focus on how to maintain sustainable interest rates that cover inflation, administrative costs, and default risk.
4. The management team will attend training sessions on governance and personnel roles at microfinance institutions. The training will focus on separation of responsibilities and the role of decision makers in microfinance.
5. A consultant will work closely with the management team to document the lessons learned from the workshop in a reference manual. The reference manual will describe the criteria of credit eligibility and exclusion, the types of loans offered, procedures for collecting payments, and penalties for late payments.

C. Activities for Beneficiaries

1. A consultant will train APEFZ members on money management and the culture of credit. The training will emphasize the importance of loan repayment, teach strategies for investment, and help attendees identify opportunities for starting income generating activities.
2. A consultant will train APEFZ members in functional literacy. The training will teach skills used in small businesses, such as reading, writing, and basic math.
3. A facilitator will teach a session raising awareness of AIDS and women's health issues, and prevention methods.

D. Business Expansion Activities

The management team at APEFZ will work closely with a consultant to design a comprehensive five year business plan. The business plan will:

1. assess APEFZ's performance managing a modest credit fund with the aim of identifying weaknesses and the Association's potential for expansion at the end of the Project;
2. analyze other microfinance institutions and suggest ways to adopt their best practices and avoid their mistakes;

3. explore the potential for expanding its financial services to individuals who are not members of APEFZ through advertising campaigns and public relations;
4. identify the beneficiaries of APEFZ's loans and develop appropriate systems of measuring the benefits to members;
5. examine the types of income generating activities funded with APEFZ credit, and explore methods to promote successful projects;
6. provide five-year production and profit and loss projections based on current repayment and interest rates; and
7. include any other additional analyses that will prepare the organization for expansion and sustained growth, to be determined during the design process of the business plan and implementation of this Project.

VIII. Roles and Responsibilities

A consultant and/or the future ADF partner will retain responsibility for building the managerial capacity and improving the financial and bookkeeping systems of APEFZ. APEFZ is responsible for ensuring the proper management and implementation of the investment. The future ADF Partner and/or consultants will provide APEFZ with technical and management assistance during implementation of the Project.

IX. Monitoring and Evaluation

A consultant and/or the future ADF Partner Organization will be instrumental in the success of the project. Proposed objectives will require regular progress reviews to ensure goals are on track. The APEFZ staff will play an important role in the implementation and overall sustainability of the project. Monitoring by the future ADF Partner and/or consultants will be an important aspect of the on-going coaching and advisory service. The future ADF Partner and/or consultants will review ADF's quarterly reports and will submit comments and observations to the management of APEFZ as part of the on-going performance assessment.